

SOUTH BEND REDEVELOPMENT COMMISSION RESCHEDULED REGULAR MEETING

April 5, 2007

9:15 a.m.

Presiding: Marcia I. Jones, President

227 West Jefferson Boulevard
South Bend, Indiana

1. ROLL CALL

Members Present:

Ms. Marcia Jones, President
Mr. Karl King, Vice President
Mr. Greg Downes, Secretary
Mr. Hardie Blake, Jr.
Mr. Ken Peczkowski

Legal Counsel:

Mr. Charles S. Leone, Esq.

Redevelopment Staff:

Mr. Don Inks, Director
Mrs. Cheryl Phipps, Recording Secretary
Mr. Jeff Gibney, Executive Director
Mr. Bill Schalliol, Economic Development Specialist
Mr. Andrew Laurent, Economic Development Specialist
Ms. Jennifer Laurent, Economic Development Specialist
Mr. Nicholas Witwer, Economic Development Specialist
Mr. Robert Mathia, Senior Development Specialist
Mrs. Ann Kolata, Senior Development Specialist
Ms. Debrah Jennings, Property Manager

Others Present:

Ms. Pam Paluszewski, Legal Dept.
Ms. Jamie Loo, South Bend Tribune
Ms. Nancy Sulok, South Bend Tribune
Ms. Rita Kopala
Ms. Violet Blosser, Habitat for Humanity
Mr. Todd Junkins, Habitat for Humanity
Ms. Debbie Hanguel
Mr. David Hatch, Habitat for Humanity
Mr. Brad Toothaker, CBRE
Ms. Autumn Aggler, CBRE
Ms Brooke Cannoot
Ms. GlendaRae Hernandez
Mr. Tom Price, Mayor's Office

South Bend Redevelopment Commission
Rescheduled Regular Meeting –April 5, 2007

2. APPROVAL OF MINUTES

**A. Approval of Minutes of the Regular Meeting of
Friday, March 2, 2007.**

Upon a motion by Mr. King, seconded by Mr.
Downes and unanimously carried, the Commission
approved the Minutes of the Regular Meeting of
Friday, March 2, 2007.

COMMISSION APPROVED THE MINUTES OF THE
REGULAR MEETING OF FRIDAY, MARCH 2,
2007

3. APPROVAL OF CLAIMS

Redevelopment Commission Claims submitted April 5, 2007 for approval.

324 AIRPORT AEDA

Ken Herceg & Associates, Inc.	30,126.00
City Of South Bend	203.83
Abonmarche	1,134.00
South Bend Tribune	88.72
Tri County News	57.13
SBD Reprographics	136.64

414 SAMPLE EWING GENERAL

Indiana Michigan Power	18.42
Cal-Pro Fence Company, Inc.	5,205.00

-

420 FUND TIF DISTRICT-SBCDA GENERAL

NIPSCO	960.68
Ampco System Parking	978.71
AT & T	61.28
South Bend Water Works	187.33
Indiana Michigan Power	343.89
Baker & Daniels	105.00
Jerome E. Michaels, MAI	2,300.00
Architecture Design Group	15,534.91
C & E Excavating	22,094.49
Rose Pest Solutions	90.00
Schindler Elevator Corp.	127.68
Ernest L. Bryant	42,000.00

South Bend Redevelopment Commission
Rescheduled Regular Meeting –April 5, 2007

3. APPROVAL OF CLAIMS (CONT)

422 FUND WEST WASHINGTON

SBD Reprographics	583.82
Tri County News	70.49
South Bend Heritage Foundation	11,767.25
South Bend Tribune	111.26

428 FUND AIRPORT 2003 BOND

Walsh & Kelly	327,200.08	Dylan Drive Extension
Walsh & Kelly	56,045.79	
Walsh & Kelly	15,510.46	

619 FUND BLACKTHORN

Meadowbrook Golf Group Inc.	8,000.00
-----------------------------	----------

\$ 541,042.86

Upon a motion by Mr. Downes, seconded by Mr. King and unanimously carried, the Commission approved the Claims submitted April 5, 2007, and ordered checks to be released.

COMMISSION APPROVED THE CLAIMS
SUBMITTED APRIL 5, 2007, AND ORDERED THE
CHECKS TO BE RELEASED

4. COMMUNICATIONS

A. Communication from CB Richard Ellis.

Mr. Inks summarized the letter from CB Richard Ellis, which is included here in its entirety.

March 26, 2007

*City of South Bend
Redevelopment Commission and Staff
c/o Andy Laurent
1200 County-City Building
South Bend, IN 46601*

*Re: City of South Bend Office & Industrial Land
Portfolio*

4. COMMUNICATIONS (CONT.)

A. continued...

Dear Commissioners:

Thank you for your time and consideration of CB Richard Ellis South Bend to partner with the Redevelopment Commission and staff on generating business growth and development opportunity through the disposition of its land portfolio. We very much look forward to engaging with the City of South Bend in this partnership.

We kindly request that you keep a few highlights of our team and its capabilities in mind as you finalize your review of the proposals:

1. We understand that this must truly be a comprehensive marketing effort of not only the City of South Bend as a great place to work and live, but the surrounding “greater” community, of which we are a part and which helps us to substantiate more opportunities from outside the confines of our own existing base of businesses. We must also be cognizant of our core constituents and how to cultivate opportunity for growth locally. With South Bend as our company headquarters location, where we are presently expanding our operations and where we continue to do a majority of our business from, we truly live this vision and assignment and are able to demonstrate the benefits to prospective businesses.

2. We have assembled and presented, in person, the experienced and dedicated individuals that constitute the team that will be devoted to partner on this project on a day-to-day and long term basis. Our team is committed to proactively working together with and communicating routinely to the Commission and staff throughout the process in a very direct and constructive

4. COMMUNICATIONS (CONT.)

A. continued...

manner to successful assignment completions.

3. We are the local South Bend company with a finger on the pulse of the South Bend and greater Michiana marketplace and are truly partnered with the unparalleled marketing resources of the world's largest and leading commercial real estate services firm, CB Richard Ellis.

4. CB Richard Ellis South Bend, as a company, does not develop or own real estate, thereby eliminating this potential conflict of interest with our clients. However, we do work daily with developers in both consultative and pre-development roles, so we do know the ins and outs of that segment of our business very well and what is necessary to make a target land acquisition work.

5. Our proposed fee structure is flexible to reflect our willingness to truly partner with our client and work seamlessly with the staff to accomplish the common goal.

Thank you again for the opportunity to present our capabilities to the Redevelopment Commission and staff relative to the disposition of the Industrial and Office Land Portfolio. We have enjoyed our relationship with the staff and Commission on other assignments and look forward to being part of the team for this requirement.

Sincerely,

*CB Richard Ellis South Bend
Brad Toothaker, CPM
Managing Director*

4. COMMUNICATIONS (CONT.)

A. continued...

Greg Pink
Senior Associate

Regina Emberton, CCIM
Director, Corporate Services

Mr. Inks noted that this information will be considered along with the other information the Commission has received in trying to reach a conclusion as to which of the top two real estate firms in the community we choose to market the Commission's property.

5. OLD BUSINESS

A. Tax Abatements

- (1) Commission approval requested for Resolution No. 2315 approving an application for real property tax deduction for properties located at 1219 Colfax Avenue, vacant lots adjacent to 111 and 116 Walnut Street and a vacant lot adjacent to 1232 Jefferson Boulevard in the West Washington-Chapin Development Area. (Habitat for Humanity).**

Mr. Mathia gave the staff report on the project. Habitat for Humanity intends to construct five single-family homes with volunteer labor and donated materials. Two types of homes will be constructed: one type will be 1,120 square feet with three bedrooms on a crawl space or full basement. The other type will be 1,344 square feet with four bedrooms and two baths on a four-foot crawl space or a full basement. The average

5. OLD BUSINESS

A. Tax Abatements

(1) continued...

price of the homes will be \$65,000. Total taxes to be abated during the five-year abatement period is estimated at \$2,895 per home for a total of \$14,775. Total taxes to be paid during the five-year abatement period are estimated at \$1,370 per home for a total of \$6,850 for the five homes. Habitat has had numerous abatements since 1998. The property is properly zoned for single-family homes. The property is in the West Washington-Chapin Development Area, which is a Tax Increment Allocation Area; therefore, approval of the tax abatement petition by the South Bend Redevelopment Commission is required. The project qualifies for five years of residential tax abatement under the tax abatement ordinance.

Mr. King noted that the abatements are for 1219 West Colfax Ave. and 1232 West Jefferson Blvd.

Mr. Hatch pointed out that the lots are currently empty and generating \$164 per year in taxes. Habitat will invest just under \$500,000 to construct these homes, which will eventually become sources of revenue to the city. Habitat has constructed over 100 homes in the community and those homes pay taxes every year. By working with families and aggressively training them, they are transformed from renters to home owners. Habitat thinks it's a win-win situation for everyone. Habitat appreciates the cooperation received from the city in the

5. OLD BUSINESS

A. Tax Abatements

(1) continued...

past.

Mr. Hatch noted that most of Habitat's clients earn less than 50% of median income for the area. The number one predictor of how families can begin to accumulate wealth and grow in their ability to give back to the community is owning their own home.

Mr. Peczkowski indicated that he does not understand the reason for the abatement, since Habitat doesn't even know who the potential owner is. He thinks the owner should apply for the tax abatement rather than Habitat.

Mr. Mathia stated that that is an advantage to the staff if the developer applies for multiple abatements rather than processing them for each home owner. Also, people of this income would be reluctant to come before the Commission and Common Council to make a presentation for tax abatement.

Mr. Peczkowski thought it would be alright if the home owners didn't apply.

Mr. King noted that an application for abatement must be approved before a building permit is pulled. As owner of the property at the point in time the building permit will be pulled, Habitat petitions for the abatements on behalf of the future owners. If ground is broken before the abatement is approved, the project is ineligible for abatement.

5. OLD BUSINESS

A. Tax Abatements

(1) continued...

Mr. Peczkowski noted that it's not that the project can't be built, but that the project won't be eligible for abatement.

Mr. Peczkowski also stated that I.C. 36-7-14-15.5(i) allows the Commission to change the assessed value in an area, thereby making all the properties in that redevelopment area more palatable for everyone and avoid the issue of an abatement. Why not just say that these are underdeveloped properties and in need of lower taxes? It's under the Commission's purview to do that.

Mr. Leone indicated he has not heard of the Commission having the authority to change assessments in that way, but he will take a look at the statute to see if it allows the Commission to make such a change.

Mr. King made a motion to adopt Resolution No. 2315 approving an application for real property tax deduction for properties located at 1219 West Colfax Avenue, vacant lots adjacent to 111 and 116 South Walnut Street and a vacant lot adjacent to 1232 West Jefferson Boulevard in the West Washington-Chapin Development Area. (Habitat for Humanity). Mr. Downes seconded the motion. The vote was four in favor to one against, with Mr. Peczkowski opposed.

COMMISSION APPROVED RESOLUTION No. 2315 APPROVING AN APPLICATION FOR REAL PROPERTY TAX DEDUCTION FOR PROPERTIES LOCATED AT 1219 WEST COLFAX AVENUE, VACANT LOTS ADJACENT TO 111 AND 116 SOUTH WALNUT STREET AND A VACANT LOT ADJACENT TO 1232 WEST JEFFERSON BOULEVARD IN THE WEST WASHINGTON-CHAPIN DEVELOPMENT AREA. (HABITAT FOR HUMANITY).

6. NEW BUSINESS

A. Tax Abatements

- (1) Commission approval requested for Resolution No. 2319 approving an application for real property tax deduction for properties located at 1342 Bissell and a vacant lot at 1338 Bissell in the Northeast Neighborhood Development Area and at 1022 W. Jefferson and 1216 W. Jefferson in the West Washington-Chapin Development Area. (Habitat for Humanity)**

Habitat for Humanity plans to build four new, single-family residences: either a three-bedroom, one bath home of 1,120 sft, a four-bedroom, two bath home of 1,344 sft or a five-bedroom, 2 bath home with 1,440 sft. The homes will be built with a four-foot crawl space or a full basement. Habitat will use volunteer labor and donated materials to build the homes. The price of each of the homes will be \$65,000. These homes will be offered to qualified, low-income families using a no-interest loan and mortgage.

Habitat has had ten previous tax abatements since 1998, plus the one approved earlier this meeting. The properties are properly zoned for the proposed use. The properties are in both the Northeast Neighborhood Development Area and the West Washington-Chapin Development Area which are tax increment financing areas; therefore, the Redevelopment Commission must approve them before they are considered by the Common Council. The project meets the qualifications for a five-year real property abatement under the tax abatement ordinance.

6. NEW BUSINESS

A. Tax Abatements

(1) continued...

Taxes to be abated during the five-year abatement period are estimated at \$2,895 per year for each home (total \$11,580). Taxes to be paid during the five-year abatement period are estimated at \$1,370 per year for each home (total \$5,480).

Mr. King noted that there seems to be a mistake in Exhibit A. The legal description lists 1342 Bissell two times and omits 1338 Bissell. Tax key number 18-5086-3061 is the vacant lot at 1338 Bissell.

Mr. King made a motion that Resolution No. 2317 be adopted as corrected. Mr. Downes seconded the motion. The vote was four in favor to one against, with Mr. Peczkowski was opposed.

COMMISSION APPROVED RESOLUTION No. 2319 APPROVING AN APPLICATION FOR REAL PROPERTY TAX DEDUCTION FOR PROPERTIES LOCATED AT 1342 BISSELL AND A VACANT LOT AT 1338 BISSELL IN THE NORTHEAST NEIGHBORHOOD DEVELOPMENT AREA AND AT 1022 W. JEFFERSON AND 1216 W. JEFFERSON IN THE WEST WASHINGTON-CHAPIN DEVELOPMENT AREA. (HABITAT FOR HUMANITY)

Mr. Downes expressed the Commission's appreciation for all the work Habitat for Humanity has done in and for the community and for what they will do in the future.

(2) **Commission approval requested for Resolution No. 2324 amending Resolution No. 2307 and approving changes to an application for real property tax deduction for property located at 511 East Colfax and 210 North Niles Avenue in the South Bend Central Development Area. (Odysian Technology)**

6. NEW BUSINESS

A. Tax Abatements

(2) continued...

Mr. Mathia noted that Odyssian Technology's application for real and personal property tax abatement was approved by the Commission and Common Council in early 2007. Subsequently, Odyssian secured contractors and subcontractors with employment practices that increase the points on the Public Benefit Points Summary affecting the length of abatement Odyssian qualifies for. Odyssian Technology, now meets the requirements for a six year commercial real estate tax abatement and wishes to extend the abatement to six years instead of the three years originally approved.

Mr. Inks noted that these types of modifications to tax abatements are likely to occur frequently in the future. During completion of the Public Benefit Points Summary, some of the information must be estimated. The Council has asked that the estimates be made conservatively. When the actual information is known, there is the potential for the applicant to qualify for additional years of abatement and they will usually want to adjust the benefit statement to qualify for those additional years. That is what is happening here.

Mr. Mathia noted that the amount of taxes to be abated during the six year abatement is estimated at \$24,144 while the total taxes to be paid during the abatement are estimated at \$17,010.

6. NEW BUSINESS

A. Tax Abatements

(2) continued...

Staff recommends approving Resolution No. 2324.

Mr. King made a motion that Resolution No. 2324 be approved. Mr. Downes seconded the motion. There were four votes in favor and one vote against. Mr. Peczkowski was opposed.

COMMISSION APPROVED RESOLUTION No. 2324 AMENDING RESOLUTION NUMBER 2307 AND APPROVING CHANGES TO AN APPLICATION FOR REAL PROPERTY TAX DEDUCTION FOR PROPERTY LOCATED AT 511 EAST COLFAX AND 210 NORTH NILES AVENUE IN THE SOUTH BEND CENTRAL DEVELOPMENT AREA. (ODYSSIAN TECHNOLOGY)

(3) **Commission approval requested for Resolution No. 2326 amending Resolution Number 2308 and approving changes to an application for personal property tax deduction for property located at 511 East Colfax and 210 North Niles Avenue in the South Bend Central Development Area.**

Mr. Mathia noted that Odysian Technology submitted a revised personal property petition reducing the estimated cost of the equipment from \$384,816 to \$147,800. Odysian originally expected to purchase all the equipment itself. Now the federal government wants to retain ownership of some of it. Therefore, the amount of personal property to be purchased by Odysian is less. The petitioner still meets the requirements for a five year personal property tax abatement, but on a smaller amount of equipment. The amount of taxes to be abated over the five year personal property abatement is estimated at \$9,033 and the taxes to be paid on the new equipment during that same period is \$4,701. Staff recommends approving Resolution No. 2326.

6. NEW BUSINESS

A. Tax Abatements

(3) continued...

Mr. King made a motion that Resolution No. 2326 be approved. Mr. Downes seconded the motion. There were four votes in favor and one vote against. Mr. Peczkowski was opposed.

COMMISSION APPROVED RESOLUTION No. 2326 AMENDING RESOLUTION NUMBER 2308 AND APPROVING CHANGES TO AN APPLICATION FOR PERSONAL PROPERTY TAX DEDUCTION FOR PROPERTY LOCATED AT 511 EAST COLFAX AND 210 NORTH NILES AVENUE IN THE SOUTH BEND CENTRAL DEVELOPMENT AREA

B. South Bend Central Development Area

(1) Commission approval requested for Resolution No. 2322 approving the fair market value of property in the South Bend Central Development Area. (Commerce Center Parking)

Ms. Laurent noted that the Commission owns certain parcels of land acquired to address the parking need for growing commercial development on the East Bank. One of these is a small, unimproved, landlocked strip of land that runs north-south from LaSalle Street adjacent to the site of the former I&M parking structure property now owned by the Commerce Center.

It has been determined by staff that this narrow property is not needed for other long term site planning of the Sycamore Street/East Bank blocks. However, this site may be useful in private ownership as the Commerce Center's management looks to plan an efficient and aesthetically pleasing parking scheme for its employees. Therefore, staff recommends approving the necessary steps to begin the disposition of the property.

6. NEW BUSINESS

B. South Bend Central Development Area

(1) continued...

The first step is to set the fair market value of the land, the offering price. Resolution No. 2322 sets the offering price at \$9,400 for the 5,866 sft parcel (.135 acres)

Upon a motion by Mr. King, seconded by Mr. Downes and unanimously carried, the Commission approved Resolution No. 2322 approving the fair market value of property in the South Bend Central Development Area. (Commerce Center Parking)

COMMISSION APPROVED RESOLUTION NO. 2322 APPROVING THE FAIR MARKET VALUE OF PROPERTY IN THE SOUTH BEND CENTRAL DEVELOPMENT AREA. (COMMERCE CENTER PARKING)

(2) Commission approval requested for Bid Specifications for a vacant lot west and adjacent to 312 East LaSalle Street in the South Bend Central Development Area. (Commerce Center Parking)

Upon a motion by Mr. Downes, seconded by Mr. King and unanimously carried, the Commission approved the Bid Specifications for a vacant lot west and adjacent to 312 East LaSalle Street in the South Bend Central Development Area. (Commerce Center Parking)

COMMISSION APPROVED THE BID SPECIFICATIONS FOR A VACANT LOT WEST AND ADJACENT TO 312 EAST LASALLE STREET IN THE SOUTH BEND CENTRAL DEVELOPMENT AREA. (COMMERCE CENTER PARKING)

(3) Commission authorization requested to publish Notice of Intended Sale of Property with publication dates of April 13 and April 20, 2007 and receipt of bids at 10:00 a.m., May 4, 2007.

Upon a motion by Mr. Downes, seconded by Mr. King and unanimously carried, the Commission authorized publication of the Notice of Intended Sale of Property with

COMMISSION AUTHORIZED PUBLICATION OF THE NOTICE OF INTENDED SALE OF PROPERTY WITH PUBLICATION DATES OF APRIL 13 AND APRIL 20, 2007 AND RECEIPT OF BIDS AT 10:00 A.M., MAY 4, 2007

6. NEW BUSINESS

B. South Bend Central Development Area

(3) continued...

publication dates of April 13 and April 20, 2007 and receipt of bids at 10:00 a.m., May 4, 2007.

Mr. Inks asked to consider item 6.B(5) at this time. There was no objection and the item was moved up on the agenda.

(5) Commission approval requested for Memorandum of Understanding by and between the South Bend Redevelopment Commission and Key Bank Renovation Project.

Ms. Laurent noted that the Memorandum of Understanding outlines certain aspects of a potential development partnership between the Hinman Company, the owner of the KeyBank Tower and the Redevelopment Commission.

The Hinman Company of Kalamazoo, Michigan, purchased the Key office building in downtown South Bend in 1999. Hinman recognized the need to ultimately reinvest in both the interior and exterior of the building in order to return it to a true Class A standard and increase occupancy prospects.

Over several years an auspicious plan has been developed that will allow the building to build upon its status as an anchor commercial office building and landmark of our skyline. A total of \$6,175,000 in new private investment is projected to bring about these renovations, representing the developer

6. NEW BUSINESS

B. South Bend Central Development Area

(5) continued...

and landlord's investment of \$2,500,000 as well as that of key new and existing tenants, including Baker & Daniels law firm, KeyBank, and CB Richard Ellis.

We are particularly pleased to work with Baker & Daniels to identify appropriate space for their relocation and expansion in the heart of South Bend. Their firm plans to add new associates every year as a result of this move. As a part of this MOU we will commit to identifying parking availability in the Wayne Street Garage. We do have other commitments in this garage, but staff has worked with Ampco to verify that we can make this work logistically.

The MOU also proposes that in support of the project the Redevelopment Commission fund and direct certain improvements to the plaza space immediately west of the building, along Michigan Street. To enable us to direct TIF funds toward the improvements, the property must first be publicly owned. The property proposed to be acquired is 202-204-206 South Michigan Street, commonly known as KeyBank Plaza. This is a highly desirable plot of land approximately 7,200 sft in size that has long functioned as a public space, though it has been privately owned.

The plaza is in need of some aesthetic improvements that would soften the space, green it up and make it more accessible for the public, while setting off the architecture around it. City Engineering and Economic

6. NEW BUSINESS

B. South Bend Central Development Area

(5) continued...

Development staffs have also identified a need for coordinated improvements in the sidewalks, alley and lighting along both Michigan and Jefferson at this corner. For these reasons, there is reasonable justification for the Commission to acquire the plaza, a potential aesthetic and functional centerpiece of our downtown retail corridor, and for Staff to embark in a site planning partnership with the architectural team representing Hinman. Schematic plans of the proposed improvements will be presented to the Commission at a subsequent meeting, along with a contract for sale of land, which will serve as a development agreement for the overall project.

The value of the property has been determined by the average of two certified MIA appraisals at \$155,500.00. Section II A of the MOU reads, "In recognition of the importance of Project to the social and economic interests of the City and its inhabitants and in order to induce the Developer to proceed with the Project, the Commission agrees to specifically authorize a purchase price for the Plaza Property of the greater of \$200,000 or 125% of the average of two appraisals obtained by the Commission. As such, the resulting purchase price to the Commission would be \$200,000. The Commission would agree to spend an additional sum not greater than \$200,000 on improvements to the Plaza and surrounding infrastructure upgrades to support the project, for a total public investment capped at

6. NEW BUSINESS

B. South Bend Central Development Area

(5) continued...

\$400,000. Funds have been budgeted for this project.

Section II C identifies the Developer's responsibility to maintain and manage the property in exchange for a right to lease it back from the Commission for \$1.00 per year for a term of 25 years, and the right to purchase the property after a term of 25 years for \$1.00.

The Developer does intend to seek Real Property Tax Abatement on the increased valuation of the building improvements and requests the Commission's support of this petition to the Council.

Staff recommends approval of the Memorandum of Understanding and asks for the Commission's authorization to begin working with the developer to fulfill the partnership it contemplates.

Mr. Toothaker noted that the reinvestment in this project is approximately \$7,000,000 or \$70/sft. That is a substantial investment in the industry. That is close to the total cost of the Leighton Plaza building when it was built. He expressed the opinion that renovation of the public space on the corner is very important to the success of the entire project. There is a phenomenal amount of traffic that walks through that plaza on the way to the parking garage as well as the other buildings surrounding it.

6. NEW BUSINESS

B. South Bend Central Development Area

(5) continued...

Mr. Peczkowski asked the amount that the developers are investing in the renovation, based on the Baker & Daniels lease. He wondered if Baker & Daniels' commitment to the lease warranted that much of an investment. Mr. Toothaker responded that they have signed a lease and that should be firm.

Mr. Peczkowski commented that it's not outside the realm of possibility for them to TRY to break the lease. Ms. Laurent responded that Baker & Daniels' investment in the project is significant enough that they wouldn't be likely to break the lease.

Mr. Peczkowski asked how much of the \$7M was Baker & Daniels' investment? Mr. Toothaker didn't know off hand, but thought it was a substantial part. Hinman owns the property. Standard procedure is that the owner gives a new tenant a certain allowance for the renovation of the base building. If the tenant wants more improvements than that, the tenant pays for the additional.

Mr. Peczkowski asked again what percentage Baker & Daniels is contributing? Mr. Toothaker offered a guess that they are putting in at least one third. He pointed out that the \$7M is total investment in the entire building, not just Baker & Daniels' space.

Mr. Peczkowski commented that the \$400,000 that's being requested from the City for renovation of the plaza is relatively

6. NEW BUSINESS

B. South Bend Central Development Area

(5) continued...

small in the overall project cost. He wondered why it is important to the deal at all. Mr. Toothaker responded that every little bit counts. A lot of people have committed funds to make this significant project happen. In terms of market economics, it's surprising the project is viable at all. It will have a huge impact on local market rates. The corner has to remain public space. It doesn't make sense to put in all the other investment and leave the public corner in disrepair.

Mr. Peczkowski noted that any corner that is vacant will see increased traffic. People will take the hypotenuse. The high traffic doesn't mean anything. The Red Table Plaza event is only lightly attended.

Ms. Laurent responded that that is exactly the point. Its use has grown every year. We've gotten sponsorships, we've gotten a lot of interest, but it needs something else. We think it needs investment from the city.

Mr. Peczkowski stated that he doesn't think it's a good deal for the city to spend \$400,000 and in return get one dollar a year for 25 years until it's sold back to Hinman.

Ms. Laurent responded that the city is spending other funds on improvements throughout the downtown. Controlling the plaza allows the city to coordinate the improvements with this visible corner.

Mr. Peczkowski noted that Wells Fargo is

6. NEW BUSINESS

B. South Bend Central Development Area

(5) continued...

making improvements on its block on their nickel.

Ms. Laurent responded that the city will be looking at how to design a good, inviting public space. We truly do feel that this is a good use of public TIF dollars.

Mr. Peczkowski responded that it's only good because we're able to finagle this sort of deal. We compare it to what happens in Chicago. Well, anything happens in Chicago.

Mr. Toothaker noted that the plaza is used more as public space than a private space. I think that's the point. One of the things that will bring the value of our downtown up in general and enable us to move forward on other projects is the curb appeal of projects, the things that happen collectively between public and private investment in downtown. From Mr. Toothaker's perspective, the \$400,000 is a pretty minor, ancillary investment compared to the private investment that's being brought to this project.

Mr. Peczkowski responded that the cost doesn't stop with the \$400,000. We've been told the developers are expecting to receive tax abatement. He feels that, from the point of view of the taxpayers of this town, it is not the business of this Commission to see that CB Richard Ellis or Hinman Company makes a better profit on this deal by

6. NEW BUSINESS

B. South Bend Central Development Area

(5) continued...

encouraging that sort of tax abatement. In the long run, the loss of a million plus in tax revenues is much more of an issue as far as the functioning of the city.

Mr. Downes stated that with all due respect, he completely, totally, disagrees with Mr. Peczkowski's position. He thinks this is a great use of public money. He thinks it is a very exciting project for downtown.

Mr. Downes made a motion to approve the Memorandum of Understanding by and between the South Bend Redevelopment Commission and Key Bank Renovation Project. Mr. King seconded the motion. The vote was four to one. Mr. Peczkowski voted nay. The motion passed.

COMMISSION APPROVED THE MEMORANDUM OF UNDERSTANDING BY AND BETWEEN THE SOUTH BEND REDEVELOPMENT COMMISSION AND KEY BANK RENOVATION PROJECT

(4) Commission approval requested for proposal for a Phase I Environmental Site Assessment for property located in the South Bend Central Development Area. (KeyBank Plaza)

Ms. Laurent noted that staff has solicited and received a quote from Phifer Environmental Services for a Phase I Environmental Site Assessment of the property at 204-206 South Michigan St. in the amount of \$1,800. Such a site assessment is part of our normal due diligence in acquiring any property. Staff recommends accepting the proposal.

6. NEW BUSINESS

B. South Bend Central Development Area

(4) continued...

Mr. King made a motion to approve the request for proposal and accept the proposal of Phifer Environmental Services in the amount of \$1,800 for the scope of services proposed. Mr. Downes seconded the motion. The motion was approved on a vote of four to one. Mr. Peczkowski voted nay. The motion passed.

COMMISSION APPROVED THE REQUEST FOR PROPOSAL AND ACCEPTED THE PROPOSAL OF PHIFER ENVIRONMENTAL SERVICES IN THE AMOUNT OF \$1,800 FOR THE SCOPE OF SERVICES PROPOSED

Mr. Inks asked to consider item 6.B.(9) next on the agenda. There was no objection and the item was so moved.

(9) Commission approval requested for Contract for Sale of Land for Private Development in the South Bend Central Development Area. (101 N. Michigan St.)

Ms. Laurent noted that on February 16, 2007 a form of contract was approved for the disposition of the All American Plaza project, including the restoration of 101 N. Michigan St. and a new mixed-use condominium building to the north. Staff is asking the Commission to approve the final form of the Contract for Sale of Land, the Quit Claim Deed conveying lots to the developer, and Deeds conveying the façade easement to the Commission as presented and authorizing the officers of the Commission to execute and deliver these documents and any other closing documents necessary to complete the transaction.

Ms. Laurent noted that the documents contain what was approved by the

6. NEW BUSINESS

B. South Bend Central Development Area

(9) continued...

Commission previously. The only minor modifications are to the time frame, allowing 30 months for the developer to begin construction of Phase II, instead of 18 months.

Upon a motion by Mr. King, seconded by Mr. Downes and unanimously carried, the Commission approved the Contract for Sale of Land for Private Development in the South Bend Central Development Area. (101 N. Michigan St.)

COMMISSION APPROVED CONTRACT FOR SALE OF LAND FOR PRIVATE DEVELOPMENT IN THE SOUTH BEND CENTRAL DEVELOPMENT AREA. (101 N. MICHIGAN ST.)

(6) **Commission approval requested for Authorization for Entry Upon and the Temporary Use of Public Property Located with the South Bend Central Development Area. (101 N. Michigan St., Michigan St. LLC)**

Ms. Laurent noted this Authorization for Entry allows Michigan St. LLC to continue with their construction.

Upon a motion by Mr. King, seconded by Mr. Downes and unanimously carried, the Commission approved the Authorization for Entry Upon and the Temporary Use of Public Property Located with the South Bend Central Development Area. (101 N. Michigan St., Michigan St. LLC)

COMMISSION APPROVED THE AUTHORIZATION FOR ENTRY UPON AND THE TEMPORARY USE OF PUBLIC PROPERTY LOCATED WITH THE SOUTH BEND CENTRAL DEVELOPMENT AREA. (101 N. MICHIGAN ST., MICHIGAN ST. LLC)

(7) **Commission approval requested for Authorization for Entry Upon and the Temporary Use of Public Property Located with the South Bend Central**

6. NEW BUSINESS

B. South Bend Central Development Area

(7) continued...

Development Area. (101 N. Michigan St., Weaver Boos)

Ms. Laurent noted that Weaver Boos needs access to the property to do soil testing.

Upon a motion by Mr. King, seconded by Mr. Downes and unanimously carried, the Commission approved the Authorization for Entry Upon and the Temporary Use of Public Property Located with the South Bend Central Development Area. . (101 N. Michigan St., Weaver Boos)

COMMISSION APPROVED THE AUTHORIZATION FOR ENTRY UPON AND THE TEMPORARY USE OF PUBLIC PROPERTY LOCATED WITH THE SOUTH BEND CENTRAL DEVELOPMENT AREA. . (101 N. MICHIGAN ST., WEAVER BOOS)

(8) Staff report on disposition of property in the South Bend Central Development Area. (117 S. Michigan St.)

Ms. Laurent noted that staff has received a Letter of Intent from Brooke Cannoot through CB Richard Ellis for the remaining empty retail space among the Michigan St. Shops. Ms. Cannoot intends to open a yoga and wellness center, to be called the Dhanwantari Center. This will be a new business with the inherent risks, but staff has reviewed the business plan and feels that it is sound. She's made some aggressive projections, yet with the financing she seeks, will have the proper start-up capital in place to carry her through the early months of growing her business. Ms. Cannoot brings a network of students and respected instructors to strengthen the potential success. Classes will be held throughout the day.

6. NEW BUSINESS

B. South Bend Central Development Area

(8) continued...

Ms. Cannoot noted that she is a lifelong resident of South Bend. She also noted that there is much yoga being taught in South Bend, but there isn't a central location for all the teaching. She hopes to offer that at her center.

Mr. King asked how many total instructors Ms. Cannoot expects to have. Ms. Cannoot responded that she has letters of interest from eight to ten instructors which should allow her to hold classes through the day. She hopes to start with a morning class, a lunchtime class and one or two evening class.

Mr. Peczkowski asked the size of the space and whether Ms. Cannoot would use it as one room or divide it into smaller spaces. Ms. Cannoot responded that she would at least divide out an office for herself.

Mr. Peczkowski asked what other services would be offered. Ms. Cannoot responded she expects to have massage and maybe, eventually, some acupuncture.

Upon a motion by Mr. King, seconded by Mr. Downes and unanimously carried, the Commission approved the Letter of Intent with Brooke Cannoot and authorized staff to negotiate a lease for the retail space at 117 S. Michigan St. which will be brought back to the Commission for approval.

COMMISSION APPROVED THE LETTER OF INTENT WITH BROOKE CANNOOT AND AUTHORIZED STAFF TO NEGOTIATE A LEASE FOR THE RETAIL SPACE AT 117 S. MICHIGAN ST. WHICH WILL BE BROUGHT BACK TO THE COMMISSION FOR APPROVAL

6. NEW BUSINESS (CONT.)

C. Sample-Ewing Development Area

- (1) Commission approval requested for Resolution No. 2323 approving the transfer of real property to the City of South Bend, Indiana. (William St.)**

Mr. Laurent explained that Resolution No. 2323 conveys a small parcel to the City of South Bend. The parcel on William St. is a small residential vacant lot between Calvert and Ewing, about three blocks west of Main St. The Commission has no active projects in the vicinity. The parcel really should be part of the city's portfolio that it is trying to sell.

Upon a motion by Mr. Downes, seconded by Mr. King and unanimously carried, the Commission approved Resolution No. 2323 approving the transfer of real property to the City of South Bend, Indiana. (William St.)

COMMISSION APPROVED RESOLUTION No. 2323
APPROVING THE TRANSFER OF REAL PROPERTY
TO THE CITY OF SOUTH BEND, INDIANA.
(WILLIAM ST.)

- (2) Commission approval requested for proposal for professional services in the Sample-Ewing Development Area. (Eckler Lahey property)**

Mr. Laurent noted that one of these properties is on the Commission's acquisition list. It is a small out lot that was formerly operated by Eckler-Lahey at the corner of Broadway and Franklin St. Upon discussions with the property owners, it's been learned that they are interested in divesting themselves of all their holdings in that area. So we have solicited quotes to provide values for the lot in Area A and the remainder of the block that the owners wish to divest. We know we want the out lot, but this will help

6. NEW BUSINESS (CONT.)

C. Sample-Ewing Development Area

(2) continued...

decide if we want to acquire the remainder of the block.

The proposal from R.E. McCloskey is in the amount of \$5,000; the proposal from Jerome E. Michaels is in the amount of \$4,150 and the proposal from R.E. Pitts is in the amount of \$4,400.

Mr. Peczkowski asked if it is typical for the buyer to pay the cost for the appraisal rather than sharing it? Mr. Laurent responded that it is. In the Commission's case, we always do that, and we always use MAI certified appraisers.

Upon a motion by Mr. Downes, seconded by Mr. King and unanimously carried, the Commission approved the request for proposals and accepted the proposals from Jerome E. Michaels and R.E. Pitts & Associates in the Sample-Ewing Development Area for the scope of services and fee proposed.

COMMISSION APPROVED THE REQUEST FOR PROPOSALS AND ACCEPTED THE PROPOSALS FROM JEROME E. MICHAELS AND R.E. PITTS & ASSOCIATES IN THE SAMPLE-EWING DEVELOPMENT AREA FOR THE SCOPE OF SERVICES AND FEE PROPOSED

D. Airport Economic Development Area

(1) Commission approval requested for Resolution No. 2325 accepting the transfer of real property from the City of South Bend, Indiana. (Bosch properties)

Mr. Witwer noted that the Board of Public Works purchased these properties for the right of way for the Bendix reroute on Meade St. They will be part of the Bosch campus

6. NEW BUSINESS (CONT.)

D. Airport Economic Development Area

(1) continued...

when it expands. They are not in the Commission's ownership right now. It will make for cleaner transactions later to have them under the Commission's ownership, so Resolution No. 2325 transfers them to the Commission.

Upon a motion by Mr. King, seconded by Mr. Downes and unanimously carried, the Commission approved Resolution No. 2325 accepting the transfer of real property from the City of South Bend, Indiana. (Bosch properties)

COMMISSION APPROVED RESOLUTION No. 2325
ACCEPTING THE TRANSFER OF REAL PROPERTY
FROM THE CITY OF SOUTH BEND, INDIANA.
(BOSCH PROPERTIES)

E. South Bend Medical Services District

There was no business in the South Bend Medical Services District.

F. West Washington-Chapin Development Area

There was no business in the West Washington-Chapin Development Area.

G. South Side Development Area

**(1) Commission approval requested for
Authorization for Entry Upon and the
Temporary Use of Public Property located
within the South Side Development Area.
(4201 and 4209 S. Main St.)**

Mr. Schalliol noted that Walsh & Kelly would like to use the property at the southwest corner of Main and Metalmation Dr. for storage and as a contractor

6. NEW BUSINESS (CONT.)

G. SouthSide Development Area

(1) continued...

management site during reconstruction of South Michigan St. which will start Monday, April 9. The agreement stipulates that all necessary indemnification be provided and that the site be returned to its current condition. Staff requests approval.

Mr. King asked how long they would be using the site. Mr. Schalliol responded that their use would be for the duration of the project, sometime before November.

Upon a motion by Mr. Downes, seconded by Mr. King and unanimously carried, the Commission approved the Authorization for Entry Upon and the Temporary Use of Public Property located within the South Side Development Area. (4201 and 4209 S. Main St.)

COMMISSION APPROVED THE AUTHORIZATION FOR ENTRY UPON AND THE TEMPORARY USE OF PUBLIC PROPERTY LOCATED WITHIN THE SOUTH SIDE DEVELOPMENT AREA. (4201 AND 4209 S. MAIN ST.)

H. Northeast Neighborhood Development Area

(1) Commission approval requested for Loan Agreement, Grant Agreement and Promissory Note with the City of South Bend Board of Public Works. (Brownfields remediation of Fredrickson Park)

Ms. Kolata noted that the documents before the Commission are related to a loan from the City of South Bend's Brownfields Revolving Loan Fund to the Redevelopment Commission for environmental remediation at 1340 S. Bend Avenue. This is a site that was purchased by the Redevelopment

6. NEW BUSINESS (CONT.)

H. Northeast Neighborhood Development Area

(1) continued...

Commission. It used to hold the Sears Parts store and now has the Boy Scouts building on it.

This project has been in the works for some time. The actual loan and grant were approved by the Board of Public Works last fall, prior to the remediation taking place, but the final documents were not in place until EPA finished its review of them a couple of weeks ago.

The transaction is such that the Commission will borrow \$176,000 from the revolving loan fund at an interest rate of 1% for a term of 28 months. Associated with that is a Promissory Note that says the Commission will repay the city calling for two payments, one by July 31, 2008 and the second by July 31, 2009. Each payment is in the amount of \$89,322.19. In addition to the loan, \$100,000 from the loan fund is a grant to the Commission towards the cost of remediation.

Ms. Kolata noted that the remediation is virtually complete. Only half of the parking lot was done in the fall. The remaining half needs to be done. The old Fredrickson Park was an unlicensed landfill. When the City remediated Fredrickson Park, capped the landfill and put in a methane gas collection system, they became aware that the landfill extended onto what we call the Sears property. At that time we determined that we would purchase the Sears property and

6. NEW BUSINESS (CONT.)

H. Northeast Neighborhood Development Area

(1) continued...

complete the remediation. That's what has taken place. Although it seems a little late in the process to be approving the documents, the actual loan was approved last fall before the contract for the remediation took place.

The landfill debris was moved around on the site. It didn't actually leave the site. There is no debris under any of the Boy Scout property. It has been re-sculpted around the Boy Scout property and under the parking lot. It is either capped with a clay cap or with the paved parking lot. It meets all environmental requirements and there is a methane gas collection system that extends under the property connecting up with the Fredrickson Park site. There is no debris under the Boy Scout property, only under what the Commission owns. The Boy Scouts have purchase only the land on which the building was built. The remainder will eventually be transferred to the Park Department.

Ms. Kolata noted that the \$276,000 related to this loan fund is approximately 71% of the cost of the remediation. The balance of the remediation is being paid for from COIT. It is anticipated that the loan will be repaid with COIT funds.

Mr. King noted that this project has been in the works since 1999. Lots of plans were made to get it to move forward, but none of it could have happened without Ann Kolata's diligent work to write grant proposals and

6. NEW BUSINESS (CONT.)

H. Northeast Neighborhood Development Area

(1) continued...

shepherd it through the EPA and Environmental Management red tape. All our hopes and dreams for this area would not have been realized but for Ann's efforts. He commended and thanked her.

Mr. Leone also noted that the path that the process took was all new ground for the EPA nationally. Ann is really responsible for the way this project has been put together and we are really grateful to her.

Upon a motion by Mr. King, seconded by Mr. Downes and unanimously carried, the Commission approved the Loan Agreement, Grant Agreement and Promissory Note with the City of South Bend Board of Public Works. (Brownfields remediation of Fredrickson Park)

COMMISSION APPROVED THE LOAN AGREEMENT, GRANT AGREEMENT AND PROMISSORY NOTE WITH THE CITY OF SOUTH BEND BOARD OF PUBLIC WORKS. (BROWNFIELDS REMEDIATION OF FREDRICKSON PARK)

I. Douglas Road Economic Development Area

There was no business in the Douglas Road Economic Development Area.

J. Other

(1) Commission approval requested for proposal for property maintenance of Commission owned properties.

Mr. Inks noted that at the beginning of 2007 the Department of Community & Economic Development restructured its property maintenance activities. He introduced Debrah Jennings, the new property manager for all

6. NEW BUSINESS (CONT.)

J. Other

(1) continued...

department owned property, who gave the staff report.

Ms. Jennings noted that the city has moved to centralize its system for property maintenance for all city properties. Redevelopment properties were part of a larger package that was put out for bid by the Board of Public Works. CFH Landscaping Services was the low bidder. Redevelopment's cost for 2007 is \$27,866 for maintenance and mowing of approximately 124 properties from April through November 30. This is a significant reduction from the cost of \$32,423 in 2006 (a \$4,557 savings), although there are 39 additional properties. Staff requests allocation of these funds for maintenance of Redevelopment owned properties.

Mr. Peczkowski asked what CFH Landscaping's structure is---is it a non-profit, is it a corporation?

Ms. Jennings believed it was a non-profit, being part of the Center for the Homeless. Mr. Inks agreed.

Mr. Peczkowski asked how she would account for the decrease? What was cut?

Ms. Jennings responded that she compared services and did not see any reduction in services, only in price.

Mr. Peczkowski asked how she accounts for

6. NEW BUSINESS (CONT.)

J. Other

(1) continued...

the price change?

Mr. Schalliol responded that the Commission had two separate contractors doing the properties last year. The cost savings results from going from two contractors to one.

Upon a motion by Mr. Downes, seconded by Mr. King and unanimously carried, the Commission approved the allocation of \$27,866 for maintenance of Commission owned properties.

COMMISSION APPROVED THE ALLOCATION OF \$27,866 FOR MAINTENANCE OF COMMISSION OWNED PROPERTIES

(2) Commission approval requested for Resolution No. 2321 setting a public hearing on the appropriation of monies from the Redevelopment General Fund (Fund 433) for the purpose of paying for certain expenses incurred by the Redevelopment Commission.

Mr. Inks noted that the purpose of this appropriation is to pay for outside legal counsel to assist the Legal Department with Redevelopment documents. Resolution No. 2321 sets the public hearing on that appropriation for May 4, 2007 at 10:00 a.m.

Upon a motion by Mr. King, seconded by Mr. Downes and unanimously carried, the Commission approved Resolution No. 2321 setting a public hearing on the appropriation of monies from the Redevelopment General Fund (Fund 433) for the purpose of paying for certain expenses incurred by the Redevelopment Commission. The public

COMMISSION APPROVED RESOLUTION No. 2321 SETTING A PUBLIC HEARING ON THE APPROPRIATION OF MONIES FROM THE REDEVELOPMENT GENERAL FUND (FUND 433) FOR THE PURPOSE OF PAYING FOR CERTAIN EXPENSES INCURRED BY THE REDEVELOPMENT COMMISSION

6. NEW BUSINESS (CONT.)

J. Other

(2) continued...

hearing is set for 10:00 a.m., May 4, 2007.

7. PROGRESS REPORTS

There was no report.

PROGRESS REPORTS

8. NEXT COMMISSION MEETING

The next meeting of the Redevelopment Commission is scheduled for Friday, April 20, 2007 at 10:00 a.m.

NEXT COMMISSION MEETING

9. ADJOURNMENT

There being no further business to come before the Redevelopment Commission, Mr. King made a motion that the meeting be adjourned. Mr. Downes seconded the motion and the meeting was adjourned at 10:20 a.m.

ADJOURNMENT

Donald E. Inks, Director

EXECUTIVE SESSION

April 5, 2007

The South Bend Redevelopment Commission met in Executive Session on Thursday, April 5, 2007, at 8:15 a.m. The meeting was held in Room 1200 County-City Building, 227 West Jefferson, South Bend, Indiana, for the purposes specified in I.C. 5-14-1.5-6.1(b)(2)(D). Commissioner's Present: Marcia Jones, President; Karl King, Vice President; Greg Downes, Secretary; Hardie Blake, Ken Peczkowski. Others Present: Jeff Gibney, Executive Director, Community & Economic Development, Don Inks, Director, Economic Development, Attorney

South Bend Redevelopment Commission
Rescheduled Regular Meeting –April 5, 2007

Charles Leone, Bill Schalliol, Nick Witwer, Andy Laurent, Jennifer Laurent, Ann Kolata, Robert Mathia and Richard Nussbaum. The Commission certifies that no topic was discussed other than the subject matter specified in the Public Notice. The Executive Session was adjourned at 9:05 a.m.

**CITY OF SOUTH BEND,
DEPARTMENT OF REDEVELOPMENT**

Signature

Printed Name and Title

South Bend Redevelopment Commission